



Wes Moore | Governor

Aruna Miller | Lt. Governor

Carmel Roques | Secretary

MEMORANDUM

To: Continuing Care Executive Directors/Administrators

From: Lori J. Webb, Division Chief, Continuing Care

Date: March 2023

Subject: Procedures for Annual Renewal Applications for FYE 12-31 Communities

The continuing care statute requires that every Provider file an application for a Renewal Certificate of Registration annually. Pursuant to Human Services Article Title 10-413, Maryland Annotated Code, and COMAR Title 32.02.01.13, the Provider is required to file (both electronic and hard copy) a completed application form with appropriate attachments and fee payment with the Department within 120 days after the close of the community's fiscal year. Your Certificate of Registration is due for renewal for the period July 1, 2023 through June 30, 2024, and your application is due **April 30, 2023. Extensions of time to file an application pursuant to COMAR 32.02.01.13F will be subject to the payment of late fees of \$10.00 per registered unit, in addition to the renewal fee of \$25.00, and will be approved only in extreme circumstances with sufficient cause shown.**

Please carefully review this letter and package. An application for the Renewal Certificate of Registration is enclosed. **Please note that all application forms must be notarized.**

Application Preparation

- **THE RENEWAL APPLICATION FORM CHANGED IN 2023.** Please do not use the old form. The renewal fee, which must accompany the application form, is **\$25.00** per registered unit. Units include all independent living units, assisted living beds, and comprehensive care beds that are registered with the Department. **Providers must notify the Department of any minor changes in unit counts due to combinations or other modifications.**
- A copy of the most recent license(s) issued by the Maryland Department of Health (MDOH) must be enclosed with the application. The number of assisted living beds and comprehensive care beds stated in the application should be the same as the number of beds licensed with MDOH.
- Actuarial Study (Item #7) - Every 3 years the submission **MAY** have to include an actuarial study, which meets the requirements of COMAR 32.02.01.13E. Exceptions are listed in COMAR 32.02.01.13D. Please email lorraine.webb@maryland.gov if you have questions about whether an actuarial study is due this cycle.

- Certified Financial Statement (Exhibit G (1))

Please note: The certified audited financial statement must be an original. If the audited financial statement for the most recent year is not expected to be complete by the renewal deadline, a written request to extend the deadline for filing this document only must be made to the Department. All other renewal application exhibits must be filed on time unless expressly approved by the Department.

- Operating Budgets – Current and Succeeding Fiscal Years (Exhibit G(2))

For a provider with a December 31st fiscal year end, the current year is for the year ending December 31, 2023, and the succeeding year is for the year ending December 31, 2024.

The operating budgets for the current and succeeding fiscal years must be prepared in accordance with generally accepted accounting principles (GAAP). Cash operating budgets are not accepted. If the operating budget for the succeeding fiscal year is not expected to be approved by the renewal deadline, the proposed budget may be submitted. **Please clearly label all budgets to indicate “approved” or “proposed.”**

- Cash Flow Projection – Current and the Next Two Fiscal Years (Exhibit G(3))

The cash flow projection must be prepared in accordance with generally accepted accounting principles (GAAP). For a provider with December 31st fiscal year end, the current year is for the year ending December 31, 2023, and the succeeding two years are for the year ending December 31, 2024 and December 31, 2025.

- Operating Reserves (Exhibit G(4))

A letter addressed to the Department from the Certified Public Accountant showing: a) the calculation used to determine the Operating Reserves; b) the amount actually set aside, **and c) the 25% operating reserve requirement beginning 1/1/2023 is met**; or a disclosure of the same information in the Provider’s Certified Financial Statement.

- 2022 CARF-CCAC Median Ratios (Exhibit G(5))

Please submit in Excel the following ratios by contract type:

- Net Operating Ratio
- Net Operating Ratio – Adjusted
- Operating Ratio
- Operating Margin Ratio
- Total Excess Margin Ratio
- Days Cash on Hand
- Debt Service Coverage Ratio
- Age of Facility (Information Only)

If any ratios are below the median, please **briefly explain** why this will or will not impact the CCRC’s provision of Continuing Care and financial stability in the coming years. The Department hopes this information will dramatically reduce the time required for our reviews.

In the event of a debtor covenant violation and/or downgrading of a bond rating, please provide the Department with a statement regarding the status of such violation(s), any waiver given, and any measures taken to address or correct such violation(s).

- Disclosure Statement (Exhibit K)

A revised Disclosure Statement that complies with Title 10 (424-425) will need to be submitted with the Renewal Certificate of Registration Application. Any changes from the previously submitted Disclosure Statement must be **redlined or otherwise marked to show any additions, deletion or changes. Please address any revisions needed to demonstrate compliance with the revised operating reserve requirements of Title 10-420(b), effective 1/1/2023.**

- Meetings with Subscribers (Exhibit L)

A statement that provides the date(s) of the meeting(s) held the previous year with the provider's subscribers in accordance with COMAR 32.02.01.19 must be enclosed with the application.

Submission Procedures

- Please submit all portions of the application via email to Lorraine.webb@maryland.gov and clarissa.hibler@maryland.gov. This includes the application form, all exhibits, and all attachments to Exhibit K (Disclosure Statement).

- The **entire renewal application package should be submitted electronically** as stated above, using the requested format indicated for the following sections:

- Item #7 – Actuarial Study
 - Please submit as a PDF
- Exhibit G
 - G(1): Certified Financial Statements
 - Please submit as a PDF.
 - G(2): Operating Budget
 - Please submit in Excel
 - G(3): Cash Flow Projection
 - Please submit in Excel
 - G(4): Operating Reserves
 - Please submit in Excel or Word
 - G(5): Ratios: 2021 CARF-CCAC Median Ratios and Explanation
 - Please submit in Excel
- Exhibit K - Disclosure Statement (redline and clean)
 - Word or PDF
 - Please clearly label and include all attachments/exhibits to the Disclosure Statement
- Please submit all above items electronically to lorraine.webb@maryland.gov and clarissa.hibler@maryland.gov.

- Hard copies and fees should still be sent via USPS, UPS or FedEx. At the time of shipping, please provide the Department with the tracking number of your package(s). Also, please indicate in your delivery instructions that the “Courtyard Entrance” should be used to gain access to the building, as our main entrance remains closed at this time.

Enclosure